

## Message Text

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ACTION AF-18

INFO OCT-01 ISO-00 SPC-03 AID-20 EB-11 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 L-03 H-03

CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12

LAB-06 SIL-01 AGR-20 PA-04 PRS-01 USIA-15 PM-07

DODE-00 DRC-01 /189 W

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P 010800Z NOV 73

FM AMEMBASSY TANANARIVE

TO SECSTATE WASHDC PRIORITY 5742

C O N F I D E N T I A L FINAL SECTION OF 2 TANANARIVE 1494/2

5. QUESTION NATURALLY AROSE WHY MADAGASCAR NEEDS IMPORT UPWARDS TO 200,000 TONS RICE THIS YEAR WHEN PREVIOUSLY HAD BEEN IMPORTING IN NEIGHBORHOOD 60,000 TONS. ACCORDING TO DINI, MALAGASY OFFICIALS ATTRIBUTE INCREASE OF AROUND 140,000 TONS/YEAR DUE INCREASED CONSUMPTION RESULTING FROM POPULATION INCREASE AND TREND TOWARD HIGHER PER CAPITA CONSUMPTION. GOMR OFFICIALS USING DIGURE 400 GRAMS/DEY/PERSON IN CALCULATIONS. FACT IS THAT LESS RICE NOW ARRIVING IN URBAN CENTERS THAN IN PREVIOUS YEARS. THIS ATTRIBUTED TO REMOVAL OF HEAD AND CATTLE TAXES BY NEW GOVT LAST YEAR (FARMERS KEEPING RICE INSTEAD OF SELLING IT TO PAY TAXES) AND GOVT DECISION LAST MARCH TO TAKE OVER RICE MARKETING. MANY PEASANTS HAVE APPARENTLY KEPT THEIR RICE INSTEAD OF TURNING IT OVER FOR PROMISES TO PAY. PREVIOUSLY, SMALL RICE PURCHASERS, MANY OF WHOM CHINESE, HAD PAID CASH AND OFFERED CREDIT TO PEASANTS.

6. ACCORDING TO DINI, OFFICIALS FEEL THAT SOMEHAT GREATER AMOUNTS OF RICE WOULD BE FORTHCOMING IF HIGHER PRICE PAID TO PEASANTS, BUT NOBODY KNOWS WHAT THAT MIGHT BE, EVEN APPROXIMATELY. THEY AGREE IT WOULD MAKE MORE SENSE TO SUBSIDIZE MALAGASY FARMER THAN AMERICAN OR CHINESE, BUT UNCERTAINTY OF HOW MUCH MIGHT BE FORTHCOMING LOCALLY IN SHORT RUN MAKES THEM FEEL REQUIRED TO SEARCH FOR RICE ABROAD AND PAY OUT FOREIGN EXCHANGE.

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7. DINI IS FULLY AWARE OF PL480 SITUATION, BUT NEVERTHELESS ASKED US WHETHER IT WOULD NOT BE POSSIBLE FOR U.S. TO COME UP WITH SOME SORT OF COMMODITY AID TO HELP GOMR OVER CRISIS. (HE HAD PREVIOUSLY SUGGESTED TO DCM ENOUGH TO COVER 20,000 TONS RICE BUT STATED THAT SOMEWHAT SMALLER AMOUNT WOULD BE HELPFUL, EVEN IF PRIMARILY PSYCHOLOGICALLY.) IN RESPONSE QUESTION, HE STATED IMF WOULD, OF COURSE, CONSIDER ASSISTANCE, BUT REQUIREMENTS ON GOMR WOULD OF NECESSITY BE STIFF, PARTICULARLY NEED TO STRAIGHTEN OUT BUDGETARY SITUATION. IN ADDITION, IMF TERMS ARE INEVITABLY FAIRLY SHORT, WHEREAS MADAGASCAR NEEDS FIVE TO TEN YEAR TERMS WHICH WILL GET IT OVER PRESENT DIFFICULTIES AND GIVE ENOUGH TIME TO INCREASE LOCAL PRODUCTION THROUGH GREATER ACREAGES OR INCREASED PRODUCTIVITY. APPARENTLY GOMR OFFICIALS WITH WHOM DINI HAS BEEN TALKING FAVOR FORMER, WHEREAS OUR OWN DISCUSSIONS WITH AGRICULTURAL RESEARCH INSTITUTE LEAD US TO BELIEVE USE OF IMPROVED SEEDS (WHICH ALREADY DEVELOPED) AND GREATER USE OF FERTILIZER ALSO IMPORTANT TO ACCOMPLISH JOB. DINI AGREED WHOLE MATTER OF HOW TO INCREASE PRODUCTION NEEDS MORE STUDY, BUT HE IS CONFIDENT THAT MALAGASY CAN SUCCEED GIVEN NATURAL AND INTELLECTUAL RESOURCES.

8. TOLD DINI THAT AT GOMR URGING WE HAD EXPLORED WITH WASHINGTON SEVERAL POSSIBLE AVENUES OF CREDIT FOR RICE IMPORTS BUT, GIVEN ENORMOUS COMMERICAL DEMANDS, SUCH CREDIT APPARENTLY NOT IN CARDS. DINI UNDERSTANDS BUT FEELS IT IMPORTANT FOR IMF TO BRING TO ATTENTION USG OFFICIALS TWO VIEWS, I.E. NOT ONLY IS NEED GREAT BUT PROBLEM IS BEING TACKLED BY INTELLIGENT MALAGASY OFFICIALS WHO ARE REASONABLE IN THEIR APPROACH TO PROBLEM, UNDERSTAND ITS CAUSES VARY WELL (INCLUDING THEIR OWN FAULTS DURING PAST YEAR) AND ARE TRYING TO SOVLE IT WITHOUT RESORTING TO CATASTROPHIC INFLATION. WITHOUT FOREIGN ASSISTANCE ONLY OTHER ALTERNATIME IS RISKING POPULAR DISCONTENT, PARTICULARLY URBAN, OF SUFFICIENT STRENGTH THAT THE GOVT OF ESSENTIALLY MODERATE MEN COULD WELL BE BROUGHT DOWN, DINI BELIEVES. ALTERNATIVE TO PRESENT GOVT HE FEELS COULD BE MORE INIMICAL TO U.S. INTERESTS.

MENDENHALL

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** RICE, GOVERNMENT BUDGET, FOREIGN EXCHANGE HOLDINGS, FOREIGN ASSISTANCE, AGRICULTURAL PRODUCT SALES, CONTRACTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 01 NOV 1973  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** golinofr  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**Document Number:** 1973TANANA01494  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
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**Errors:** N/A  
**Film Number:** n/a  
**From:** TANANARIVE  
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**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1973/newtext/t19731160/aaaabsah.tel  
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